

Message Text

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INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

UNCLAS LONDON 11300

DEPARTMENT PASS TO LABOR, TREASURY, FRB

E.O. 11652: N/A

TAGS: ELAB, EFIN, UK

SUBJECT: UK UNEMPLOYMENT CONTINUES TO INCREASE SHARPLY

SUMMARY - THE UNADJUSTED TOTAL OF UNEMPLOYMENT IN THE
UK HAS INCREASED SHARPLY FOR THE SECOND MONTH IN
SUCCESSION TO REACH THE HIGHEST LEVEL SINCE THE WAR.
ALTHOUGH MUCH OF THE INCREASE WAS AGAIN DUE TO A LARGE

NUMBER OF SCHOOL-LEAVERS JOINING THE REGISTER, WHEN THIS
GROUP IS EXCLUDED THE INCREASE IN UNEMPLOYMENT IN THE
MONTH TO MID-JULY WAS STILL MUCH GREATER THAN COULD
NORMALLY BE EXPECTED DUE TO SEASONAL CHANGES. THESE
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LATEST FIGURES, RELEASED JULY 20 BY THE DEPARTMENT OF

EMPLOYMENT (DE), COMPLICATE THE DEBATE OVER PUBLIC EXPENDITURE CUTS (SEPTTEL). ALSO THEY ARE EXPECTED TO LEAD TO FURTHER GOVERNMENT MEASURES TO ALLEVIATE THE PROBLEM OF UNEMPLOYED SCHOOL-LEAVERS. END SUMMARY

1. TOTAL UNEMPLOYMENT IN THE UK INCREASED IN THE MONTH TO JULY 8 BY 131,618 TO 1,463,456 OR 6.3 PERCENT OF THE LABOR FORCE. THIS COMPARES WITH AN INCREASE OF 61,000 IN JUNE. EXCLUDING SCHOOL-LEAVERS, THE TOTAL UNEMPLOYED WAS 1,254,419, AN INCREASE OF 45,477 COMPARED WITH THE 7,200 INCREASE WHICH COULD NORMALLY BE EXPECTED AT THIS TIME OF YEAR. AFTER SEASONAL ADJUSTMENT THEREFORE THE TOTAL WAS 1,294,000 OR 5.5 PERCENT, WHICH WAS AN INCREASE OF 38,300 COMPARED WITH AN INCREASE OF 6,500 IN JUNE.

2. THE FIGURES FOR GREAT BRITAIN, WHICH EXCLUDES NORTHERN IRELAND, PROVIDE A SIMILAR PICTURE. THE TOTAL UNEMPLOYED ON JULY 8 WAS 1,402,470 OR 6.1 PERCENT OF THE LABOR FORCE, AN INCREASE OF 124,586 OVER JUNE. THE NUMBER OF UNEMPLOYED SCHOOL-LEAVERS INCREASED BY 81,141 TO 199,000. EXCLUDING THE LATTER GROUP AND AFTER SEASONAL ADJUSTMENT, UNEMPLOYMENT IN GREAT BRITAIN INCREASED BY 37,200 TO 1,242,000 OR 5.4 PERCENT COMPARED WITH AN INCREASE OF 5,400 IN JUNE, 14,700 IN MAY AND 7,200 IN APRIL.

3. THE BASIC TREND, AS SHOWN BY THE THREE-MONTHLY AVERAGE MOVEMENT OF THE SEASONALLY ADJUSTED UNEMPLOYED, HAS TAKEN A SHARP UPWARD MOVEMENT AS A RESULT OF THE LATEST FIGURES. IN GREAT BRITAIN, THE AVERAGE INCREASE OVER THE THREE MONTHS ENDED JULY WAS 19,000 A MONTH COMPARED WITH 9,000 A MONTH IN THE THREE MONTHS ENDED JUNE, 5,000 A MONTH IN THE THREE MONTHS ENDED MAY AND 7,000 A MONTH IN THE THREE MONTHS ENDED APRIL. EVEN SO, THE RATE OF INCREASE OF UNEMPLOYMENT IS STILL MUCH LESS

THAN THE AVERAGE INCREASE OF OVER 40,000 A MONTH IN THE FIRST QUARTER OF THE YEAR.

4. THE NUMBER OF JOBS AVAILABLE FOR ADULTS INCREASED UNCLASSIFIED

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IN JULY BY 2,291 TO 127,128 WHICH AFTER SEASONAL ADJUSTMENT WAS AN INCREASE OF 3,400 TO 115,400. THIS WAS AN IMPROVEMENT ON THE SITUATION IN THE PREVIOUS TWO MONTHS WHEN THE SEASONALLY ADJUSTED TOTAL FELL FOLLOWING REGULAR INCREASES DURING THE EARLY PART OF THE YEAR. ON THE OTHER HAND, THE OUTLOOK FOR SCHOOL-LEAVERS REMAINS GRIM. IN JULY THE NUMBER OF JOBS AVAILABLE FOR YOUNG PEOPLE DECREASED BY 1,748 TO 25,971.

ARMSTRONG

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